

Friday, February 22, 2008

Flower Mound gives go-ahead for smaller lots

Dallas Business Journal - by [Bill Hethcock](#) Staff Writer

Flower Mound has amended its land development regulations to make way for the huge Canyon Falls mixed-use project to proceed.

The \$1 billion Denton County project planned by **McGinnis Development** and **Highland Capital Real Estate Partners** had stalled in Flower Mound because the town's regulations did not permit single-family residential lots of less than 10,000 square feet.

At the request of the developers, the Flower Mound Town Council on Feb. 18 amended the regulations to allow single-family homes to be built on lots of 5,000 square feet or more on property masterplanned for high-density residential use.

The overall Canyon Falls project calls for 2,700 homes and a blend of retail, office and multifamily development spread across 1,542 acres in parts of Argyle, Northlake and Flower Mound.

The project lies north of FM 1171 between U.S. 377 and Interstate 35W. About 670 acres are in Flower Mound.

The Northlake and Argyle pieces of the project gained zoning approval in December 2006, and the developers had been working with Flower Mound since the fall of 2006, said Casey McGinnis, president of McGinnis Development. The approval required Flower Mound to change its masterplan, amend land-use regulations to allow for smaller lots, then rezone the Canyon Falls property.

"It's a hallmark zoning case," McGinnis said. "We really feel like it was an accomplishment. We're thrilled that, finally, we got this done."

The rezoning allows Canyon Falls to build as many as 972 houses in Flower Mound, with a maximum of 350 on smaller lots, said Doug Powell, the town's executive director of development services.

"The fact that it is one developer doing a large, masterplanned community will give it some continuity," Powell said.

McGinnis said his feasibility studies and demographics analysis showed pent-up demand for upscale homes on smaller lots. The least expensive homes in Canyon Falls will be built on 50-foot by 110-foot lots and start at more than \$300,000. Houses in the development will be built on seven lot sizes and high-end homes will be priced at more than \$1 million, he said.

The housing component of Canyon Falls is expected to be phased in from late 2009 through 2015, and the commercial will be built starting in 2011, McGinnis said. "We really need housetops out there to fuel the commercial," he said.

Flower Mound leaders in the late 1990s adopted stringent measures designed to manage the rate and character of development in the town. As a result, the number of houses built in Flower Mound plunged from a peak of about 1,500 a year in the mid-1990s to 92 housing starts in 2007, said housing analyst Ted Wilson of Addison-based **Residential Strategies Inc.**

Wilson said the Canyon Falls development is in a high-demand location, and its timing makes sense even though the housing market has slowed.

"You're looking at delivery in the fall of 2009," Wilson said. "Two years from now, our expectation is that the lot supply has healed, and there is a resurrection of the housing market."

The Flower Mound amendment was the last zoning approval Canyon Falls needs, McGinnis said. The next step will be to hammer out an agreement for a regional sewer system, he said.

bhethcock@bizjournals.com | 214-706-7125

All contents of this site © American City Business Journals Inc. All rights reserved.